

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Greenbaum
7/1/02

**THIS DISPOSITION
IS NOT CITABLE AS PRECEDENT
OF THE T.T.A.B.**

Cancellation No. 26,016

Sealtite Building
Fasteners

v.

Larry Joseph Bogatz
d/b/a B&B Hardware and
B&B Hardware, Inc.,
joined as party
defendant¹

Before Quinn, Hairston and Rogers, Administrative
Trademark Judges.

By the Board.

Now ready for consideration are several
communications from the parties, which we construe as
cross-motions for summary judgment.

As background for the construed motions, on June 2,
1998, respondent's successor-in-interest, B&B Hardware,
Inc. ("B&B"), filed a complaint in the U.S. District
Court for the Eastern District of Arkansas, Western
Division, against Hargis Industries, Inc., d/b/a Sealtite

¹ Respondent recorded the assignment of the involved
registration in the Assignment Division of the PTO Office of
Public Records on August 19, 1999, Reel 1949/Frame 0882.
Inasmuch as the involved registration was assigned after the
present proceeding commenced, B&B Hardware, Inc. is joined as a
party defendant. See authorities cited in TBMP Section 512.01.

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Building Fasteners ("Hargis").² B&B based the complaint in the civil action on several grounds, including infringement of the mark SEALTIGHT, U.S. Registration No. 1,797,509, the subject of the instant cancellation proceeding.³ Hargis pleaded several defenses, including that the mark SEALTIGHT was merely descriptive of the goods identified in the registration, and had not acquired secondary meaning.

Following a jury trial in the civil action, the judge entered a "Judgment on Jury Verdict" on May 18, 2000. The judgment held that B&B's mark SEALTIGHT was merely descriptive and that it had not acquired secondary meaning. The judge concurrently dismissed the civil action with prejudice.

B&B appealed to the U.S. Court of Appeals for the Eighth Circuit. On June 11, 2001, the Court of Appeals affirmed the trial court's judgment.⁴ B&B did not file a petition for rehearing or rehearing *en banc*, and did not

² In the second amended petition, discussed *infra*, petitioner identified itself as a wholly owned division of Hargis Industries, Inc., a Texas corporation.

³ Registration No. 1,797,509 issued October 12, 1993. Section 8 affidavit accepted.

⁴ We note that neither the district court nor the appellate court ordered the Board to cancel the involved registration.

file a petition for issuance of a writ of *certiorari* in the U.S. Supreme Court.

The Board resumed proceedings at petitioner's request by order dated December 6, 2001.⁵ In that order, the Board noted that the decision in the civil action had no preclusive effect on this cancellation proceeding because the amended petition to cancel set forth claims of abandonment and likelihood of confusion, but did not include a claim of descriptiveness. Accordingly, the Board allowed petitioner until January 5, 2002 to file a second amended pleading that set forth a claim of descriptiveness under Section 2(e)(1) of the Trademark Act, or to submit a stipulation that dismissed this proceeding.

Petitioner submitted a second amended petition to cancel on December 26, 2001, based on the preclusive effect of the decision in the civil action with regard to the descriptiveness of respondent's mark. Specifically, after reciting in more detail the events discussed above, the second amended complaint makes the following allegation in paragraph 11:

⁵ The Board suspended this proceeding on December 9, 1998, pending a final determination in the civil action.

[a]s a consequence, a Court of proper jurisdiction in an action between the petitioner and respondent here has by final decision held that respondents' mark SEALTIGHT is merely descriptive and has not acquired secondary meaning. That holding is adverse to respondents' right to maintain the mark on the Register under 15 U.S.C. 1065, and is *res judicata* between petitioner and respondent here.

On December 28, 2001, respondent filed a "communication" in response to the December 6, 2001 Board order, which communication seeks to dismiss the petition to cancel because the involved mark became incontestable during the pendency of the instant proceeding, among other things. Petitioner filed a response thereto on January 11, 2002, which requests that we grant the petition to cancel because the issue of descriptiveness is *res judicata*.⁶

Because both parties seek judgment in their favor on the issues raised in their respective "communications," because the parties have fully briefed the issues, and because the parties essentially have treated the communications as motions for summary judgment, we construe the communications as cross-motions for summary

⁶ In our discretion, we have considered both parties' replies. See Trademark Rule 2.127(a). In addition, we note that the second amended pleading sets forth a well pleaded allegation of *res judicata* based on the resolution of the descriptiveness issue in the civil action. In the interests of equity and justice, the December 6, 2001 order is modified to allow petitioner to assert *res judicata* based on resolution of the descriptiveness issue in the civil action.

judgment without need for further briefing on the issues raised therein.⁷ See authorities cited in TBMP Section 528.04

As grounds for respondent's summary judgment motion, respondent alleges that: "the SEALTIGHT mark was registered on October 12, 1993," and "has been in use since 1990 and has remained in continuous use through the present"; "by statute, a petition to cancel a registration based on an allegation of mere descriptiveness must be filed within five-years of the date of registration"; petitioner "did not raise the issue of mere descriptiveness as a grounds for cancellation of the SEALTIGHT registration prior to the five-year anniversary of that registration"; "since the issue of descriptiveness was not pleaded by [petitioner] prior to the five-year anniversary date (either before the Board or in the Arkansas case), [petitioner] is barred from now raising that issue"; "the Lanham Act provides that a registered mark is prima facie evidence

⁷ Although petitioner's testimony period opened several years ago for a short period, and we ordinarily would deny as untimely a summary judgment motion that was filed after petitioner's testimony period had opened, we have exercised our discretion to so construe these papers because petitioner's summary judgment motion involves both claim preclusion and issue preclusion. See *Lukens Inc. v. Vesper Corp.*, 1 USPQ2d 1299, 1300 fn. 2 (TTAB 1986), *aff'd unpublished opinion*, 87-1187 (September 18, 1987);

of the registrant's exclusive right to use the mark"; "such a mark becomes incontestable if it has been in continuous use for five consecutive years subsequent to its registration and is still in use"; "once a mark is incontestable, 'its registration shall be conclusive evidence . . . of the registrant's exclusive right to use the registered mark'"; petitioner "did not raise the issue of descriptiveness in any context until mid-1999, almost six years after registration was granted," and, therefore, "the mark is

see also Foodland, Inc. v. Foodtown Super Markets, Inc., 138 USPQ 591, 593 (TTAB 1963), and TBMP Section 528.02.

incontestable and the registration is conclusive evidence of B&B's 'exclusive right to use' the mark."⁸

In response, petitioner maintains that the involved registration is not incontestable because petitioner filed the petition to cancel on March 5, 1997, approximately 3½ years after the registration issued, and that respondent therefore never was in a position to meet one of the necessary requirements for incontestability under Section 15, i.e., respondent never was able to assert at least five continuous years of use of the registered mark subsequent to registration, and that there are no proceedings involving the registration not finally decided.

In addition, as grounds for the cross-motion for summary judgment, petitioner alleges that issue preclusion applies because the issue of mere descriptiveness was tried, and a jury rendered a verdict thereon, in the civil action. Petitioner further alleges

⁸ It appears that petitioner's second amended petition to cancel crossed in the mail with respondent's construed summary judgment motion. Thus, respondent makes additional arguments that pertain to the grounds set forth in the earlier versions of the petition to cancel, but which do not pertain to the second amended petition to cancel. As a party may not seek summary judgment on an unpleaded issue, and because we accept the second amended petition for reasons discussed hereinafter, respondent's summary judgment motion is denied to the extent that it seeks summary judgment on the issues of priority and abandonment,

that claim preclusion applies because the judge in the civil action dismissed the case with prejudice. In response, respondent maintains that because petitioner, as defendant in the civil action, "did not raise the issue of mere descriptiveness as a ground for cancellation of the SEALTIGHT registration prior to the five-year anniversary of the registration," said issue was not properly before the U.S. District Court in Arkansas, and, accordingly, the District Court "did not have jurisdiction to consider the issue of mere descriptiveness." Respondent further maintains that "because the Arkansas Court did not have jurisdiction to consider the issue, the decision reached by the jury has no preclusive effect."⁹

A party is entitled to summary judgment when it has demonstrated that there are no genuine issues as to any material facts, and that it is entitled to judgment as a

which are not raised by the second amended petition. See Fed. R. Civ. P. 56, and authorities cited in TBMP Section 528.07(a).

⁹ We note that respondent raised this argument in abridged form in a footnote in its summary judgment motion. We also note that respondent contends that the claim of mere descriptiveness cannot "relate back" to the original grounds for cancellation under Fed. R. Civ. P. 15(c). Inasmuch as we accept the second amended pleading for reasons discussed hereinafter, without need to relate the amended pleading to the earlier pleading, respondent's argument is irrelevant and will be given no further consideration.

matter of law. Fed. R. Civ. P. 56(c). The evidence must be

viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

We turn first to respondent's motion for summary judgment, which raises issues related to whether filing a petition to cancel a registration tolls the five-year period for determining the grounds on which a cancellation action may be brought under Section 14 of the Lanham Act. We note in passing, however, respondent's great reliance on the "incontestability" of its mark. Respondent has never filed an affidavit or declaration of incontestability with the Office. Therefore, respondent's claim that its mark is incontestable is in error. More importantly, the issue is one of tolling, rather than whether respondent's mark is incontestable.

In this regard, we note that the grounds on which a cancellation action may be brought under Section 14 are limited five years subsequent to the date of registration

of the mark, regardless of whether the respondent has filed for incontestability under Section 15. *Id.* However, the Board has never addressed the related issue of whether the filing of a petition to cancel a registration, filed within five years of the issuance of the registration, tolls the running of the five-year period for purposes of determining what grounds for cancellation exist under Section 14.

We consistently have held that in situations where a plaintiff files a notice of opposition or a petition to cancel before the five-year anniversary of plaintiff's pleaded registration, such filing tolls the time for the defendant to file a counterclaim to cancel plaintiff's pleaded registration. *See Willimson-Dickie Manufacturing Co. v. Mann Overall Company*, 359 F.2d 450, 149 USPQ 518 (CCPA 1966); *UMC Industries, Inc. v. UMC Electronics Co.*, 207 USPQ 861 (TTAB 1980); *Humble Oil & Refining Co. v. Sekisui Chemical Company Ltd. of Japan*, 165 USPQ 597 (TTAB 1970); and *Sunbeam Corp. v. Duro Metal Products Co.*, 106 USPQ 385 (Comm'r 1955). Similarly, we have held that an amendment of an application to a concurrent use application, before the five-year anniversary of the registrations which registrant named as exceptions in the concurrent use application, tolls the running of the

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five-year incontestability period for registrant's registrations with regard to applicant's concurrent rights. See *Arman's Systems, Inc. v. Armand's Subway, Inc.*, 215 USPQ 1048 (TTAB 1982);

We now extend this principle, and conclude that the filing of a cancellation petition tolls the five-year period with regard to additional grounds for cancellation of a defendant's registration under Section 14, if the plaintiff was unaware of the existence of the basis for the additional grounds when the plaintiff filed the petition to cancel, or if the plaintiff was aware of the possibility of additional grounds when the plaintiff filed the petition to cancel, but could not, in good faith and pursuant to the requirements Fed. R. Civ. P. 11, plead the additional grounds until a later date.

Of course, as with any motion to amend a pleading, a party which learns of grounds for a new claim cannot delay too long before raising the claim. See Fed. R. Civ. P. 15(a); *Hilson Research Inc. v. Society for Human Resource Management*, 27 USPQ2d 1423 (TTAB 1993); and *Trans Union Corp. v. Trans Leasing International*, 200 USPQ 748 (TTAB 1978). In this regard, we note that when respondent filed the motion to suspend this proceeding in June 1998, respondent's discovery responses to petitioner

were still outstanding. However, instead of responding to the outstanding discovery, respondent filed a civil action, and moved to suspend this case. We further note that in September 1998, the Board entered judgment in favor of petitioner, and in December 1998, the Board set aside that judgment and suspended this proceeding pending a final determination of the civil action. In short, we do not find plaintiff to have unduly delayed in raising, before us, the issue of descriptiveness. Before the events of June 1998 through December 1998 transpired, discovery was not complete, and trial had not yet commenced. During the ensuing civil action, the issue of descriptiveness was fully aired.¹⁰ We have no basis on which to find that petitioner, prior to the civil action, and still waiting for discovery from respondent, unduly delayed seeking to amend its pleading.

¹⁰ The district court apparently allowed Hargis, as defendant in the civil action, to raise an affirmative defense of descriptiveness, rather than require the issue to be addressed in a counterclaim. The Board typically would require a defendant to raise the issue of descriptiveness as a counterclaim, or else bar consideration of that issue as a collateral attack on the registration. To the extent respondent's argument that the district court lacked subject matter jurisdiction is rooted in this discrepancy between the district court's approach and the standard Board approach, we simply will not consider the argument, as respondent should have raised the issue of the district court's jurisdiction with the district court, rather than with the Board.

Accordingly, we accept the second amended petition to cancel, and deny respondent's motion for summary judgment.

We turn next to petitioner's cross-motion for summary judgment. Petitioner bases its cross-motion on the doctrine of *res judicata* because of the final decision on the merits in federal court, adverse to respondent as plaintiff therein, regarding the mere descriptiveness of respondent's mark. The cross-motion also relies on the assertion of descriptiveness in the second amended petition to cancel, so that there is an identity of issues between this case and the civil action.

Under the doctrine of claim preclusion, the entry of a final judgment "on the merits" of a claim (or cause of

action) in a proceeding will preclude the relitigation of the same claim in a later proceeding that involves the same parties or their privies. Claim preclusion extends to those claims or defenses that were, or could have been, raised in the prior action. See *Jet, Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 55 USPQ2d 1854 (Fed. Cir. 2000), *reh'g and reh'g en banc* denied, 2000 U.S. App. LEXIS 26699 (Fed. Cir. 2000); *Flowers Industries Inc. v. Interstate Brands Corp.*, 5 USPQ2d 1580 (TTAB 1987); and *Chromalloy American Corp. v. Kenneth Gordon, Ltd.*, 736 F.2d 694, 222 USPQ 187 (Fed. Cir. 1984).

Claim preclusion ordinarily does not apply between Board cases and civil actions, as the claims raised in each venue differ. See *Treadwell's Drifters Inc. v. Marshak*, 18 USPQ2d 1318, 1321 (TTAB 1990). Moreover, even if this were not so, claim preclusion would not apply in this case. Petitioner, as defendant in the civil action, only raised the issues of descriptiveness and lack of secondary meaning as affirmative defenses, and did not assert them as counterclaims against respondent, as plaintiff in the civil action. Thus, petitioner did not pursue a claim in the civil action, and the principles of claim preclusion simply do not

apply. Therefore, if the judgment in the prior proceedings has any preclusive effect on the issues of descriptiveness and lack of secondary meaning in this case, the effect must be one of issue preclusion.

Under the doctrine of issue preclusion, issues which are actually and necessarily determined by a court of competent jurisdiction are normally conclusive in a subsequent suit involving the parties to the prior litigation. See *Mother's Restaurant, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394 (Fed. Cir. 1983); and *International Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 220 USPQ 1017 (Fed. Cir. 1984). Issue preclusion may be invoked against a party to the prior action unless it appears that the party against whom the doctrine is asserted did not have a full and fair opportunity to litigate the issue, or unless the court finds that it is otherwise unfair to permit the use of estoppel. See *Perma Ceram Enterprises Inc. v. Preco Industries Ltd.*, 23 USPQ2d 1134 (TTAB 1992).

Because the parties in the civil action are the same as, or successors in interest to, the parties in this cancellation proceeding, and because in the civil action, the parties litigated the issues of whether respondent's

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involved mark is merely descriptive, and, if so, whether it has attained secondary meaning, the principles of issue preclusion apply in this case. We therefore find that there are no material issues of fact that remain to be resolved in this case, and that petitioner is entitled to judgment as a matter of law.

Accordingly, petitioner's cross-motion for summary judgment is granted, judgment is hereby entered against respondent, the petition for cancellation is granted, and Registration No. 1,797,509 will be cancelled in due course.